

Entered March 31, 1964
W.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2997
Order No. R-2677
NOMENCLATURE

APPLICATION OF SOCONY MOBIL OIL COMPANY,
INC., FOR THE ABOLISHMENT OF AN EXISTING
POOL, THE CREATION OF TWO NEW OIL POOLS,
AND FOR SPECIAL TEMPORARY POOL RULES,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
February 19, 1964, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this 18th day of March, 1964, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Socony Mobil Oil Company, Inc.,
seeks the abolishment of the Vacuum-Pennsylvanian Pool in Town-
ship 17 South, Range 34 East, NMPM, Lea County, New Mexico, and
the creation of the Vacuum Upper-Pennsylvanian Pool in Sections
25 and 36, and the Vacuum Lower-Pennsylvanian Pool in Section 26,
Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That the applicant also seeks the promulgation of
special pool rules for the Vacuum Lower-Pennsylvanian Pool
establishing 80-acre spacing and a limiting gas oil ratio of
6,000 to 1.

(4) That the Vacuum-Pennsylvanian Pool encompasses more
than one separate common source of supply and should therefore
be abolished.

(5) That the Socony Mobil State Bridges Well No. 96 located
in Unit H of Section 26, Township 17 South, Range 34 East, NMPM,

Lea County, New Mexico, was completed March 3, 1963, and encountered a separate common source of supply which should be designated the Vacuum Lower-Pennsylvanian Pool; that the vertical limits of said pool should be the zone encountered in said well between 11,292 feet and 11,492 feet; and that the horizontal limits of said pool should be the E/2 of Section 26, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(6) That the Texaco Inc. State "O" Well No. 17 located in Unit N of Section 36, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, was completed June 18, 1963, and encountered a separate common source of supply which should be designated the Vacuum Upper-Pennsylvanian Pool; that the vertical limits of said pool should be that portion of the Pennsylvanian formation above the marker found at 10,324 feet in the above-described Socony Mobil State Bridges Well No. 96; and that the horizontal limits of said pool should be the SE/4 of Section 25 and the N/2 and SW/4 of Section 36, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(7) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk caused from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Vacuum Lower-Pennsylvanian Pool.

(8) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(9) That the temporary special rules and regulations should provide for a limiting gas-oil ratio of 6,000 to 1 in order to allow each operator in the pool the opportunity to use his just and equitable share of the reservoir energy.

(10) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(11) That this case should be reopened at an examiner hearing in April, 1965, at which time the operators in the subject pool should be prepared to appear and show cause why the Vacuum Lower-Pennsylvanian Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That the Vacuum-Pennsylvanian Pool is hereby abolished.

(2) That a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production is hereby created and designated the Vacuum Lower-Pennsylvanian Pool with vertical limits comprising the zone encountered in the Socony Mobil State Bridges Well No. 96, located in Unit H of Section 26, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, between the interval from 11,292 feet to 11,492 feet and horizontal limits comprising the E/2 of Section 26, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production is hereby created and designated the Vacuum Upper-Pennsylvanian Pool with vertical limits comprising that portion of the Pennsylvanian formation above the marker found at 10,324 feet in the Socony Mobil State Bridges Well No. 96 located in Unit H of Section 26, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, and horizontal limits comprising the SE/4 of Section 25 and the N/2 and SW/4 of Section 36, Township 17 South, Range 34 East.

(4) That Special Rules and Regulations for the Vacuum Lower Pennsylvanian Pool are hereby promulgated as follows, effective April 1, 1964.

SPECIAL RULES AND REGULATIONS
FOR THE
VACUUM LOWER-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the Vacuum Lower-Pennsylvanian Pool or in the Lower Pennsylvanian formation within one mile of the Vacuum Lower-Pennsylvanian Pool, and not nearer to or within the limits of another designated Lower Pennsylvanian pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Vacuum Lower-Pennsylvanian Pool shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit

-4-

CASE No. 2997
Order No. R-2677

comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well projected to or completed in the Vacuum Lower-Pennsylvanian Pool shall be located within 150 feet of the center of a single governmental quarter-quarter section.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) in the Vacuum Lower-Pennsylvanian Pool shall be assigned an 80-acre proportional factor of 6.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable in the Vacuum Lower-Pennsylvanian Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 7. The limiting gas-oil ratio in the Vacuum Lower-Pennsylvanian Pool shall be 6,000 cubic feet of gas for each barrel of oil produced.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Lower Pennsylvanian formation within the Vacuum Lower-Pennsylvanian Pool or within one mile of the Vacuum Lower-Pennsylvanian Pool that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The

-5-

CASE No. 2997

Order No. R-2677

operator shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before April 1, 1964.

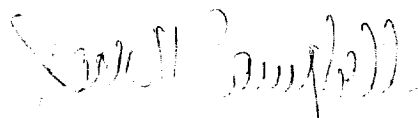
(2) That any operator desiring to dedicate 80 acres to a well presently drilling to or completed in the Vacuum Lower-Pennsylvanian Pool shall file a new Form C-128 with the Commission on or before April 1, 1964.

(3) That this case shall be reopened at an examiner hearing in April, 1965, at which time the operators in the subject pool may appear and show cause why the Vacuum Lower-Pennsylvanian Pool should not be developed on 40-acre spacing units.

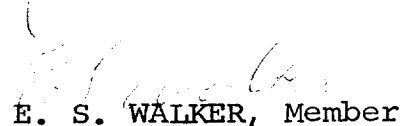
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.


STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



JACK M. CAMPBELL, Chairman



E. S. WALKER, Member



A. L. PORTER, Jr., Member & Secretary

S E A L

esr/